

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05

CEA-01 ABF-01 FS-01 L-03 H-01 PA-01 PRS-01 /091 W

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 8013

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E.O. 11652: N/A

TAGS: EFIN PE

SUBJ: GOP ESTABLISHES CERTIFICATES OF DEPOSIT IN FOREIGN
CURRENCY

1. IN AN ACTION DESIGNED TO ENCOURAGE THE RETURN OF FOREIGN
EXCHANGE TO PERU, THE PERUVIAN COUNCIL OF MINISTERS
DECEMBER 13 APPROVED DECREE LAW NO. 22038 ESTABLISHING
"BANK CERTIFICATES IN FOREIGN EXCHANGE" (CERTIFICADOS
BANCARIOS EN MONEDA EXTRANJERA) WHICH CAN BE HELD BY
RESIDENTS AND NON-RESIDENTS.

2. ACCORDING TO THE DECREE LAW, THE CERTIFICATES WILL
BE ISSUED BY COMMERCIAL BANKS IN AMOUNTS OF NO LESS THAN
\$1000 (OR EQUIVALENT IN OTHER SPECIFIED FOREIGN CURRENCIES)
AGAINST THE DEPOSIT OF THE CORRESPONDING FOREIGN CURRENCY
ORIGINATING FROM OVERSEAS AND ENTERING PERU THROUGH THE
BANKING SYSTEM. THE CERTIFICATES WILL EARN INTEREST (PAID
IN THE SAME FOREIGN CURRENCY) AS SET BY THE ISSUING BANK.
(COMMENT: WE BELIEVE THAT THE DEPOSITOR WILL BE ABLE TO
NEGOTIATE THE INTEREST RATE WITH THE BANK, ALTHOUGH BANCO
CONTINENTAL IS OFFERING 9-1/2 0/0 YEARLY INTEREST ON ITS
CERTIFICATES. END COMMENT). DECREE LAW 22038 PROVIDES
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THAT THE INTEREST WILL BE TAX FREE UNTIL DECEMBER 31,
1979. THE CERTIFICATES WILL BE FREELY NEGOTIABLE
BOTH WITHIN AND OUTSIDE PERU AND WILL BE ABLE TO BE
USED FOR PAYMENT OF TAXES AND OTHER EXPENSES RELATED
TO IMPORTS AND EXPORTS. IN PARTICULAR, WITH RESPECT
TO PAYMENTS FOR IMPORTS, WE HAVE BEEN INFORMED THAT
THE NEW CERTIFICATES ARE NOT SUBJECT TO THE 180-DAY

EXTERNAL FINANCING REQUIREMENT WHICH CURRENTLY APPLIES TO ALL NONCAPITAL GOODS. IN OTHER WORDS, THE CERTIFICATES CAN BE USED IMMEDIATELY TO LIQUIDATE FOREIGN EXCHANGE OBLIGATIONS ASSOCIATED WITH IMPORTS.

3. ON DECEMBER 16, THE CENTRAL RESERVE BANK ISSUED EXCHANGE RESOLUTION NO. 016-77-EF/90 WHICH SPECIFIES THAT ONLY FOREIGN EXCHANGE COMING FROM FOREIGN CURRENCY DRAFTS, CHECKS DRAWN ON FOREIGN BANKS, AND BANK TRANSFERS FROM FOREIGN BANKS OR TRANSFERS BETWEEN DOMESTIC BANKS CAN BE USED TO OBTAIN THE NEW CERTIFICATES. THE EXCHANGE RESOLUTION EXPRESSLY PROHIBITS THE USE OF EXPORT EARNINGS FOR THE PURCHASE OF THE FOREIGN EXCHANGE CERTIFICATES.

4. COMMENT: ACCORDING TO THE PREAMBULATORY ARTICLES OF THE NEW DECREE LAW, CONFIRMED BY A CENTRAL BANK SOURCE, THE GOP'S PURPOSE IN ESTABLISHING THE FOREIGN EXCHANGE CERTIFICATES IS TO ENCOURAGE SAVINGS AND TO CAPTURE FOREIGN EXCHANGE RESOURCES. LOCAL BANK SOURCES HAVE INDICATED THAT THERE HAS NOT YET BEEN LARGE DEMAND FOR THE NEW FOREIGN EXCHANGE CERTIFICATES, BUT THAT IS NOT SURPRISING IN LIGHT OF THE SHORT TIME THE CERTIFICATES HAVE BEEN AVAILABLE. MOREOVER, MOST PERUVIANS IN A POSITION TO BUY CERTIFICATES ARE WARY OF THE GOP'S INTENTIONS REGARDING REPATRIATED FUNDS, AND THIS ATTITUDE WILL PROBABLY PUT A DAMPER ON SALES. ON LIMITED OFFICIAL USE

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THE OTHER HAND WHEN CONSIDERED IN THE CONTEXT OF A SOL WHICH IN TWO MONTHS HAS DEPRECIATED BY ALMOST 70 0/0 WITH RESPECT TO THE DOLLAR, INTEREST BEARING CERTIFICATES DENOMINATED IN HARD CURRENCY SHOULD BE ATTRACTIVE, AND TO THE EXTENT CONFIDENCE IN THE GOP'S INTENTIONS INCREASES THERE MAY BE GREATER ACCEPTANCE OF THE FOREIGN EXCHANGE CERTIFICATES.

5. DECREE LAW NO. 22038 AND EXCHANGE RESOLUTION NO. 016-77-EF/90 POUCHED ARA/AND - FULLER.
SHLAUDEMAM

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 22-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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TAGS: EFIN, PE
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